

Euro-currency bank credits

publicly-announced in period, in millions of dollars

	1977	1978	1979	1979	1980		Jan-Feb	
				Decr	Janr	Febr	1980	1979
Industrial countries	17 205	28 952	27 238	1 622	1 529	1 653	3 182	3 591
Canada	3 292	5 705	1 845	—	—	—	—	300
Denmark	868	2 242	1 205	—	—	—	—	250
Finland	314	550	92	—	—	100	100	50
France	2 325	1 915	2 955	120	—	76	76	—
Greece	204	509	1 010	35	—	—	—	—
Ireland	440	616	687	—	—	—	—	—
Italy	1 024	2 485	3 698	550	365	223	588	515
Japan	112	27	—	—	—	—	—	—
Norway	182	1 517	935	71	27	14	41	361
Spain	1 973	2 426	4 184	90	455	430	885	627
Sweden	1 446	1 872	1 263	120	88	125	213	15
United Kingdom	1 992	3 899	795	—	230	—	230	345
United States	826	1 206	2 348	25	234	75	309	356
Other ^a	2 207	3 983	6 221	611	130	610	740	772
Developing countries	20 976	37 300	47 934	2 874	1 455	1 396	2 851	7 637
Non-OPEC countries	13 494	26 902	35 381	2 334	866	913	1 779	5 267
Argentina	849	1 461	2 965	233	—	120	120	867
Brazil	2 814	5 634	6 278	30	—	40	40	1 135
Chile	591	1 045	867	60	28	42	70	—
Korea	1 265	2 651	3 258	556	262	414	676	539
Malaysia	212	858	1 168	300	—	—	—	—
Mexico	2 727	7 250	8 213	185	—	—	—	1 210
Morocco	797	605	500	—	—	—	—	—
Peru	189	—	596	65	—	39	39	50
Philippines	698	2 073	2 067	145	200	22	222	350
Taiwan	524	255	1 063	77	—	—	—	—
Other ^b	2 828	5 070	8 406	683	376	236	612	1 116
OPEC countries	7 481	10 398	12 553	540	589	483	1 072	2 370
Algeria	723	2 576	1 906	—	—	—	—	583
Indonesia	817	1 118	1 061	—	99	62	161	38
Iran	1 220	1 107	—	—	—	—	—	—
United Arab Emirates	1 086	726	401	—	55	—	55	—
Venezuela	1 666	2 054	6 830	510	120	186	306	1 279
Other	1 969	2 817	2 355	30	315	235	550	470
Communist countries	3 394	3 767	7 325	258	—	450	450	1 230
China	—	—	3 395	—	—	—	—	—
East Germany	832	642	796	—	—	—	—	150
Hungary	300	700	260	—	—	250	250	—
Poland	19	374	849	—	—	—	—	560
Other ^c	2 243	2 051	2 025	258	—	200	200	520
International organizations	190	160	275	—	—	—	—	—
TOTAL	41 765	70 179	82 772	4 754	2 984	3 499	6 483	12 458

a includes multi-national organizations
r revised

b includes regional development organizations

c includes COMECON institutions

p preliminary

International bond yields

long-term issues, at or near end of month

	1976	1977	1978	1979							1980
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
U.S. companies:											
U.S. dollar	7.39	7.95	8.55	8.79	8.83	8.99	9.27	10.10	10.07	10.13	10.35
Swiss franc	5.46	5.31	5.70	6.11	6.12	6.16	6.20	6.48	6.54	6.61	6.84
European companies:											
U.S. dollar	8.56	8.42	9.21	9.29	9.45	9.65	9.86	10.79	10.76	10.93	11.81
German mark	7.38	6.80	6.84	7.25	7.08	7.13	7.16	7.40	7.46	7.55	7.74
Governments:											
U.S. dollar	8.90	8.42	9.12	9.16	9.25	9.43	9.49	10.41	10.57	10.66	10.94

New international bond issues

new issues in period, in millions of dollars

	1977	1978	1979	1979	1980		Jan-Feb	
				Dec	Janr	Febr	1980	1979
By type:								
Euro-bonds, total	17 771	14 125	18 726	1 294	1 135	863	1 998	2 889
<i>by category of borrower</i>								
U.S. companies	1 130	1 122	2 872	175	114	25	139	205
Foreign companies	7 347	4 540	7 183	713	310	464	774	1 170
State enterprises	4 667	3 291	4 524	16	293	367	660	770
Governments	2 936	3 643	2 433	160	378	7	811	472
International organizations	1 691	1 529	1 714	230	40	—	40	272
<i>by currency of denomination</i>								
U.S. dollar	11 627	7 290	12 565	1 118	370	700	1 070	1 619
German mark	4 131	5 251	3 626	87	551	12	563	1 055
Dutch guilder	452	394	531	—	39	59	98	88
Canadian dollar	655	—	425	—	—	—	—	—
European unit of account	28	165	253	73	—	26	26	—
Other	878	1 025	1 326	16	175	66	241	127
Foreign bonds outside the United States, total	8 777	14 359	17 749	1 345	2 095	1 093	3 188	4 295
<i>by category of borrower</i>								
U.S. companies	40	245	217	—	—	—	—	60
Foreign companies	1 421	2 110	3 463	167	147	206	353	393
State enterprises	2 427	3 163	3 284	243	132	284	416	430
Governments	2 043	5 771	7 663	186	1 533	433	1 856	3 233
International organizations	2 846	3 070	3 122	749	283	170	453	179
<i>by currency of denomination</i>								
German mark	2 181	3 789	5 379	447	1 359	345	1 704	1 644
Swiss franc	4 970	5 698	9 777	418	545	551	1 096	2 348
Dutch guilder	211	385	75	—	—	31	31	—
Japanese yen	1 271	3 826	1 833	249	84	145	229	260
Other	144	671	685	231	110	21	131	43
Foreign bonds in the United States, total	7 428	5 795	4 515	—	522	237	759	1 140
<i>by category of borrower</i>								
Canadian entities	3 022	3 142	2 193	—	200	237	437	570
International organizations	1 917	459	1 100	—	250	—	250	350
Other	2 489	2 194	1 222	—	72	—	72	220
By country of borrower:								
Industrial countries	23 851	24 964	31 886	1 510	3 117	1 984	5 101	6 831
Australia	1 074	1 218	593	123	—	230	230	—
Austria	1 384	1 027	1 218	63	144	81	225	167
Canada	5 277	4 764	4 197	87	328	237	565	855
Denmark	796	1 018	752	—	176	—	176	237
Finland	358	952	699	87	39	122	161	33
France	1 945	1 286	2 106	239	196	112	308	303
Japan	1 979	3 467	5 775	202	255	490	745	550
Netherlands	682	251	832	50	8	51	59	40
New Zealand	567	744	553	—	—	—	—	127
Norway	1 889	2 751	1 955	97	165	144	309	574
Sweden	1 574	876	1 530	16	332	50	382	119
United Kingdom	1 915	1 365	1 181	225	—	121	121	184
United States	1 353	2 973	6 767	175	1 287	25	1 312	2 822
Developing countries	3 421	4 227	3 085	150	62	39	101	692
<i>Non-OPEC countries</i>	<i>2 676</i>	<i>2 684</i>	<i>2 667</i>	<i>130</i>	<i>62</i>	<i>39</i>	<i>101</i>	<i>617</i>
Brazil	732	843	930	72	—	—	—	331
Mexico	1 282	568	363	25	37	—	37	165
Philippines	129	170	175	—	—	—	—	30
<i>OPEC countries</i>	<i>745</i>	<i>1 543</i>	<i>418</i>	<i>20</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>75</i>
Algeria	166	721	208	—	—	—	—	75
Venezuela	438	588	55	—	—	—	—	—
Communist countries	248	30	75	—	—	—	—	—
Hungary	174	—	—	—	—	—	—	—
International organizations	6 454	5 058	5 936	979	573	170	743	801
TOTAL	33 976	34 279	40 982	2 639	3 752	2 193	5 945	8 324

Central bank discount rates

	1976	1977	1978	1979				Current	
	end Dec	end Dec	end Dec	end Mar	end Jun	end Sep	end Dec	Feb 27 1980	effective since
United States	5.25	6.00	9.50	9.50	9.50	11.00	12.00	13.00	Feb 15, 80
Canada	8.50	7.50	10.75	11.25	11.25	12.25	14.00	14.00	Oct 25, 79
Japan	6.50	4.25	3.50	3.50	4.25	5.25	6.25	7.25	Feb 18, 80
United Kingdom	14.25	7.00	12.50	13.00	14.00	14.00	17.00	17.00	Nov 15, 79
Belgium	9.00	9.00	6.00	6.00	9.00	9.00	10.50	12.00	Feb 27, 80
France	10.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	Aug 31, 77
Germany	3.50	3.00	3.00	4.00	4.00	5.00	6.00	6.00	Nov 1, 79
Italy	15.00	11.50	10.50	10.50	10.50	10.50	15.00	15.00	Dec 6, 79
Netherlands	6.00	4.50	6.50	6.50	7.00	8.00	9.50	9.50	Nov 29, 79
Austria	4.00	5.50	4.50	3.75	3.75	3.75	3.75	5.25	Jan 24, 80
Denmark	10.00	9.00	8.00	8.00	9.00	11.00	11.00	13.00	Feb 15, 80
Finland	9.25	8.25	7.25	7.25	7.25	7.25	8.50	9.25	Feb 1, 80
Ireland	14.75	6.75	11.85	11.85	13.70	13.70	16.40	16.40	Dec 7, 79
Norway	6.00	6.00	7.00	7.00	7.00	7.00	9.00	9.00	Nov 30, 79
Spain	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	Jul 26, 77
Sweden	8.00	8.00	6.50	6.50	6.50	8.00	9.00	10.00	Jan 18, 80
Switzerland	2.00	1.50	1.00	1.00	1.00	1.00	2.00	2.00	Nov 5, 79
Brazil	28.00	28.00	33.00	33.00	33.00	33.00	33.00	33.00	Nov, 78
Korea	13.00	14.00	14.50	14.50	14.50	14.50	14.50	20.50	Jan 12, 80
New Zealand	8.50	10.00	11.00	12.50	13.00	13.00	14.00	14.00	Dec 20, 79
Philippines	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	Dec 12, 74
Singapore	4.00	3.50	4.50	4.50	5.00	5.75	6.75	7.50	Jan 19, 80
South Africa	9.00	9.00	8.50	7.50	7.50	7.00	7.00	7.00	Aug 13, 79
Venezuela	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	Oct 14, 70

Day-to-day money rates

monthly averages

	1976	1977	1978	1979							1980
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	4.65	6.55	9.91	10.26	10.42	10.88	11.32	13.07	13.64	13.74	13.80
Canada	8.66	6.84	9.44	10.47	11.03	10.96	9.87	12.08	12.18	13.83	13.14
Japan	7.11	5.01	4.57	5.34	5.86	6.73	6.81	6.74	7.61	8.02	8.12
Australia	7.17	9.96	8.40	7.82	8.58	8.74	8.89	8.50	7.86	7.84	7.95
United Kingdom	14.56	4.81	10.00	9.31	12.06	11.66	12.78	11.50	11.75	14.87	14.25
Belgium	7.51	7.48	6.73	7.80	9.66	9.37	8.96	11.49	10.01	10.65	11.72
France	10.44	9.30	6.67	8.01	9.34	10.44	11.00	11.47	11.95	12.17	11.99
Germany	5.03	3.24	3.61	5.62	5.75	6.40	6.70	6.62	7.85	9.15	8.25
Italy	16.75	11.37	11.00	11.25	11.25	11.25	11.25	12.37	12.37	16.00	16.50
Netherlands	6.89	5.27	10.00	7.69	8.81	8.81	9.58	9.41	11.07	15.67	11.42
Austria	n.a.	9.25	5.37	6.25	6.00	5.75	6.50	6.62	6.75	8.50	8.75
Finland	14.53	22.99	9.29	8.35	8.31	8.36	8.68	9.13	12.87	13.53	12.70
Ireland	14.81	8.00	12.12	27.70	15.75	16.12	17.62	16.75	16.75	16.88	n.a.
Spain	8.03	7.22	16.75	9.82	13.32	15.34	10.80	8.14	9.84	9.61	11.18
Sweden	10.69	8.91	6.26	7.74	9.16	10.00	9.24	10.75	9.08	11.99	10.71
Switzerland	0.50	0.85	0.00	0.87	0.50	0.87	1.12	0.75	1.50	1.25	1.50
Brazil	25.92	28.44	35.64	30.24	20.16	27.00	36.72	24.00	24.00	32.28	27.12
Hong Kong	4.81	4.87	9.67	11.25	10.25	12.50	10.37	10.25	10.37	14.19	14.50
Korea	14.00	14.40	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	19.20
Mexico	7.11	7.11	7.11	7.11	7.11	7.11	7.11	7.11	7.11	7.11	7.11
Philippines	15.46	14.44	13.22	14.92	14.61	14.56	11.75	10.48	11.69	16.25	11.41
Singapore	3.59	3.59	4.98	6.84	7.11	7.09	6.66	6.40	6.85	10.17	10.13
South Africa	7.59	7.65	7.11	5.15	4.90	4.36	4.12	3.79	3.59	3.81	3.94
Euro-dollars	4.66	8.94	10.80	10.91	10.77	11.34	11.73	13.37	12.70	14.41	13.77

Treasury bill rates

bond-equivalent yields, at or near end of month

	1976	1977	1978	1979							1980
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	4.41	6.33	9.42	8.84	9.42	9.97	10.62	12.37	11.68	12.39	12.96
Canada	8.14	7.17	10.46	10.78	11.25	11.45	11.64	13.61	13.62	13.66	13.50
Japan	5.68	4.15	3.39	4.15	4.15	5.17	5.17	5.17	5.17	5.17	5.17
Australia	8.73	8.35	8.35	9.02	9.02	9.02	9.02	9.02	9.02	9.31	9.33
United Kingdom	13.98	6.42	12.01	13.69	13.78	13.78	14.01	13.93	16.75	16.45	16.93
Belgium	10.00	9.25	9.25	11.25	12.00	12.00	13.00	14.00	14.30	14.40	14.40
Ireland	14.28	6.74	11.83	11.67	13.48	13.60	13.56	13.72	16.36	16.37	n.a.
Italy	17.38	12.81	12.81	11.51	11.62	11.62	11.62	12.87	12.92	15.75	13.22
Netherlands	5.63	6.00	9.50	7.50	8.75	9.00	9.00	9.50	14.00	12.75	10.75
Sweden	9.75	9.21	5.84	5.82	6.60	6.60	6.60	8.70	9.74	9.74	10.79
Brazil	38.58	38.08	41.21	39.65	40.44	37.26	36.34	31.48	27.33	27.84	24.62
Korea	n.a.	16.88	17.01	17.01	19.53	19.53	19.53	19.53	19.53	19.53	22.01
Mexico	n.a.	n.a.	12.75	14.45	14.89	15.32	15.58	15.95	16.85	17.89	n.a.
New Zealand	4.00	7.50	10.50	10.60	10.60	10.60	10.60	11.25	11.25	11.25	11.25
Philippines	9.78	10.04	12.08	12.75	12.82	12.77	12.70	12.68	12.64	12.63	12.56
Singapore	2.99	3.17	4.01	4.55	4.60	5.25	5.73	5.70	5.65	6.18	6.77
South Africa	7.94	8.17	7.61	5.49	5.11	4.56	4.49	3.97	3.90	4.30	4.29

Representative money-market rates

bond-equivalent yields on major short-term (mostly 3-4 month) money-market instruments, other than Treasury bills, at or near end of month

	1976	1977	1978	1979							1980
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	4.75	6.84	10.57	9.94	10.20	11.26	11.95	14.72	12.90	13.70	13.49
Canada	8.62	7.25	10.62	11.00	11.62	12.00	11.90	14.62	13.65	14.15	13.80
Japan	6.75	5.89	4.64	5.29	5.81	6.41	7.12	6.97	8.14	8.01	8.02
Australia	9.75	9.75	9.10	10.40	10.00	10.20	10.30	10.65	10.50	10.30	10.30
United Kingdom	14.38	6.50	12.50	14.00	14.19	14.12	14.06	14.75	16.81	17.00	17.75
Belgium	10.50	9.50	9.25	9.75	12.00	12.00	12.50	14.10	14.35	14.45	14.50
France	10.00	9.19	6.44	9.19	10.69	11.37	11.62	12.50	12.37	12.62	12.19
Germany	4.80	3.60	3.70	6.65	6.95	7.45	7.90	9.75	9.50	8.70	8.85
Ireland	14.69	6.75	13.00	18.50	17.87	17.62	17.62	17.50	17.75	18.12	n.a.
Italy	16.63	11.75	11.37	11.44	11.62	11.62	11.62	12.75	13.62	17.12	17.75
Netherlands	5.88	6.25	10.50	8.50	9.62	9.62	9.87	10.75	14.75	13.00	11.37
Spain	11.36	12.06	22.80	16.90	16.20	18.80	15.70	11.60	12.80	13.20	13.40
Switzerland	1.84	2.02	0.50	2.00	1.62	2.12	1.62	3.62	4.50	6.12	6.00
Hong Kong	5.50	5.73	11.82	12.38	11.50	13.45	13.12	12.75	13.25	14.37	15.37
Korea	16.99	16.88	17.01	17.01	19.53	19.53	19.53	19.53	19.53	19.53	22.01
New Zealand	10.37	11.87	12.00	14.50	15.25	15.50	15.00	16.00	16.25	16.00	16.20
Philippines	15.47	11.96	11.48	11.63	10.76	10.13	9.94	10.01	10.13	10.41	10.33
Singapore	3.75	4.81	7.38	7.63	7.81	8.25	8.75	8.25	8.25	10.12	10.12
South Africa	9.73	9.00	7.85	5.86	5.45	5.03	4.93	4.30	4.12	4.72	4.61

Commercial bank deposit rates

at or near end of month

	1976	1977	1978	1979						1980	
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	4.70	6.80	10.90	9.90	10.30	11.35	12.10	14.50	13.20	13.55	13.40
Canada	8.00	7.25	10.45	11.05	11.55	11.80	11.90	14.50	13.40	14.05	13.70
Japan	4.50	3.25	2.50	3.25	3.25	4.00	4.00	4.00	4.00	4.00	4.00
Australia	9.75	9.50	8.50	10.00	9.50	9.70	9.90	10.00	10.15	10.25	10.40
United Kingdom	14.13	6.37	12.25	13.75	14.00	14.19	14.06	14.62	16.75	16.81	17.50
Belgium	10.00	9.50	9.87	11.12	12.12	12.13	13.00	14.37	14.63	14.50	14.50
France	9.50	9.00	6.50	9.50	10.50	11.25	11.50	12.50	12.75	12.50	12.25
Germany	4.20	3.40	3.50	6.00	6.50	6.50	7.00	8.25	8.25	7.75	8.00
Italy	17.00	17.00	12.50	12.50	12.50	12.50	12.50	13.02	12.50	13.25	13.25
Netherlands	6.13	7.00	11.62	9.25	10.00	10.12	10.25	11.00	15.00	13.50	12.00
Austria	n.a.	9.00	6.75	7.25	7.50	7.37	8.25	8.75	8.50	8.50	8.75
Denmark	9.00	8.00	7.00	8.00	8.00	8.00	10.00	10.00	10.00	10.00	10.00
Finland	5.75	4.25	3.25	3.25	3.25	3.25	3.25	3.25	4.25	4.25	4.25
Ireland	n.a.	6.87	12.75	16.75	16.75	17.37	17.25	17.25	17.50	17.87	n.a.
Norway	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Spain	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Sweden	7.75	7.75	6.25	6.25	6.75	6.75	6.75	7.75	8.75	8.75	9.75
Switzerland	1.50	1.12	0.12	0.75	0.75	1.25	1.00	2.25	3.75	4.75	4.75
Brazil	45.60	39.60	46.80	41.04	40.92	40.80	40.66	42.12	43.20	45.00	45.48
Hong Kong	3.25	1.75	4.50	7.75	7.75	9.25	9.25	9.25	9.25	9.25	9.25
Korea	15.00	13.20	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	19.20
Mexico	9.50	9.50	12.00	12.00	12.00	12.34	13.68	15.13	16.80	16.75	n.a.
New Zealand	10.25	11.00	12.00	14.10	15.00	14.75	14.50	15.50	15.75	15.90	15.80
Philippines	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	10.50	10.50
Singapore	3.75	5.31	7.31	7.00	7.44	8.12	8.44	8.31	8.12	10.31	10.38
South Africa	9.75	8.70	7.30	5.65	5.27	4.87	4.75	4.10	4.00	4.82	4.40
Venezuela	8.00	7.00	7.25	13.50	13.50	13.50	13.50	13.50	15.00	15.00	15.00
Euro-dollars	5.00	7.19	11.69	10.50	11.31	12.12	12.75	15.69	14.00	14.44	14.37

Commercial bank lending rates to prime borrowers

at or near end of month

	1976	1977	1978	1979						1980	
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	6.00	7.75	11.75	11.50	11.75	12.75	13.50	15.00	15.50	15.25	15.25
Canada	9.25	8.25	11.50	12.00	12.50	12.50	13.00	14.75	15.00	15.00	15.00
Japan	7.42	5.47	4.50	4.87	5.06	5.38	5.68	5.86	6.16	6.40	6.70
Australia	11.50	11.50	11.00	10.75	10.75	10.75	10.75	10.75	10.75	10.75	11.25
United Kingdom	15.50	8.00	13.50	15.00	15.00	15.00	15.00	15.00	18.00	18.00	18.00
Belgium	11.75	10.00	10.00	11.00	12.50	12.50	13.25	14.00	14.75	15.25	15.50
France	11.65	11.35	10.95	11.60	12.20	12.20	12.50	12.65	13.65	13.65	13.65
Germany	6.50	6.00	5.50	7.50	7.75	7.75	8.25	8.75	9.75	9.75	9.75
Italy	21.00	16.00	15.00	15.00	15.00	15.00	15.00	16.50	16.50	19.50	19.50
Netherlands	8.50	7.00	12.00	10.00	11.00	11.00	11.00	11.37	15.00	15.00	13.25
Austria	n.a.	9.75	8.75	8.00	8.00	8.00	8.00	8.50	8.50	8.50	9.50
Denmark	14.00	12.50	10.00	11.00	11.00	11.00	13.00	13.25	13.75	13.75	13.75
Finland	9.71	8.85	7.87	7.83	7.84	7.83	7.85	7.85	8.98	n.a.	n.a.
Ireland	13.25	7.50	13.00	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50
Norway	8.33	8.33	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Spain	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Sweden	10.25	10.25	8.50	8.50	8.75	8.75	8.75	9.75	10.75	10.75	11.75
Switzerland	7.50	6.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Brazil	30.00	52.05	61.70	61.82	63.00	63.00	57.00	57.00	57.00	57.00	57.00
Hong Kong	6.00	4.75	8.75	13.00	13.00	14.50	14.50	14.50	14.50	14.50	14.50
Korea	17.00	15.00	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	24.50
Mexico	15.50	17.00	17.50	17.50	17.50	17.50	17.50	19.00	19.00	19.00	19.00
New Zealand	7.50	8.50	10.75	11.75	11.50	12.00	11.75	13.50	12.50	12.00	n.a.
Philippines	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	16.00	16.00
Singapore	6.78	7.02	7.65	8.12	8.35	8.78	8.92	9.10	9.18	9.50	10.25
South Africa	12.50	12.50	11.50	10.00	10.00	9.50	9.50	9.50	9.50	9.50	9.50
Venezuela	9.50	9.50	10.25	11.50	11.50	11.50	11.50	11.50	13.00	13.00	13.00
Euro-dollars	5.50	7.56	12.06	10.87	11.68	12.49	13.12	16.06	14.37	14.81	14.74

Domestic government bond yields

long-term issues, at or near end of month

	1976	1977	1978	1979						1980	
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	7.20	7.97	9.00	8.82	8.95	9.05	9.28	10.50	10.09	10.20	11.11
Canada	8.47	8.77	9.68	9.73	9.84	10.15	10.38	11.16	10.94	11.32	12.13
Japan	8.61	6.40	6.40	8.16	7.85	8.14	8.04	8.46	8.78	8.63	8.56
Australia	10.50	9.50	8.90	10.10	10.25	10.15	10.15	10.30	10.40	10.45	10.85
United Kingdom	14.31	10.53	12.75	12.34	12.10	11.76	12.05	12.72	13.98	13.83	13.30
Belgium	9.30	8.76	8.80	9.42	9.63	9.80	9.90	10.58	11.00	11.13	11.42
France	11.04	11.07	9.94	10.71	11.25	11.67	11.56	11.60	12.09	12.59	12.52
Germany	7.28	5.52	6.65	8.04	7.71	7.66	7.65	8.07	7.81	7.91	8.13
Italy	13.92	10.82	10.89	10.90	10.91	10.84	10.81	11.26	11.31	11.28	11.39
Netherlands	8.40	8.11	8.46	9.01	8.98	8.73	8.77	8.83	9.18	9.29	9.41
Austria	8.55	9.00	7.91	8.05	8.16	8.19	8.22	8.26	8.27	8.20	n.a.
Denmark	14.57	16.83	17.27	17.13	17.23	17.35	17.76	17.80	18.04	18.28	18.55
Finland	10.92	10.25	9.19	9.53	9.39	9.41	9.53	9.34	9.49	9.58	n.a.
Ireland	15.49	11.30	13.44	15.37	15.99	15.92	15.72	16.64	16.64	16.64	n.a.
Norway	7.25	8.37	8.19	8.26	8.29	8.32	8.25	8.28	10.19	10.04	10.10
Sweden	9.61	9.84	10.09	10.21	10.41	10.44	10.49	n.a.	n.a.	n.a.	n.a.
Switzerland	4.43	3.75	3.03	3.43	3.51	3.51	3.50	3.63	4.04	4.20	4.48
New Zealand	8.70	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Philippines	13.41	13.40	13.40	13.40	13.40	13.40	13.40	13.30	13.30	13.20	13.40
South Africa	11.00	10.75	9.85	9.74	9.73	9.55	9.40	9.29	9.34	9.44	9.38
Venezuela	7.04	7.24	7.24	7.36	7.21	7.35	7.36	7.35	7.33	7.29	7.38

Domestic corporate bond yields

long-term issues, at or near end of month

	1976	1977	1978	1979						1980	
	Dec	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	7.35	8.30	9.25	9.15	9.20	9.45	9.70	11.00	10.50	10.75	11.88
Canada	9.58	9.71	10.34	10.34	10.52	10.85	11.09	11.97	11.72	12.07	12.80
Japan	8.81	6.68	6.94	8.05	7.80	7.75	7.79	8.11	8.34	8.34	8.12
Australia	12.00	11.00	10.25	11.25	11.35	11.25	11.15	11.40	11.65	11.65	11.90
United Kingdom	15.96	11.88	13.53	13.00	12.76	12.64	12.88	13.40	14.89	14.96	14.25
Belgium	11.88	9.85	9.58	10.13	10.32	10.83	10.92	11.34	11.70	11.93	11.82
France	11.39	12.09	10.27	11.12	11.54	12.03	11.88	11.84	12.33	12.92	12.91
Germany	7.47	5.92	6.80	7.90	8.00	7.80	7.80	8.00	8.40	8.20	8.10
Italy	16.90	10.71	10.12	10.07	10.07	10.04	9.92	9.99	9.90	10.22	10.22
Netherlands	8.22	7.90	8.62	9.12	9.15	8.96	8.82	9.10	9.50	9.95	9.78
Norway	7.65	8.59	8.37	8.36	8.45	8.54	8.63	n.a.	10.94	10.53	10.71
Spain	10.86	11.58	12.17	11.52	11.79	12.04	12.04	11.54	11.40	11.77	11.34
Sweden	9.82	9.83	10.03	9.48	9.16	9.59	9.65	9.75	9.81	10.21	10.43
Switzerland	5.50	4.96	4.85	5.30	5.17	5.24	5.27	5.28	5.44	5.53	5.61
Korea	21.70	19.60	24.00	29.00	29.20	29.20	29.20	29.20	31.00	32.50	32.50
Mexico	15.56	17.56	20.37	19.88	19.51	21.01	21.57	21.63	22.43	21.99	n.a.
Venezuela	10.37	10.39	12.43	12.28	12.69	12.71	13.35	13.59	14.06	14.55	13.63

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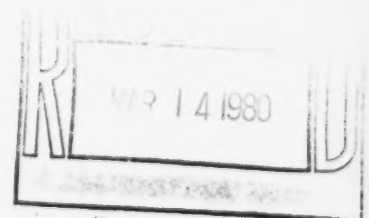
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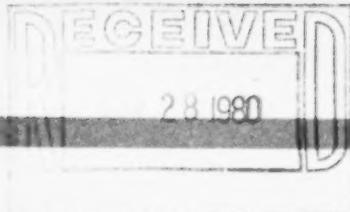
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World Financial Markets

Morgan Guaranty Trust Company of New York

March 1980

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The response to higher oil prices: adjustment and financing

The effective price of crude oil — the weighted average of both official and spot prices — is now almost \$30 per barrel and probably will average somewhat above that level for 1980 as a whole. Oil prices are currently almost 130% higher than at the end of 1978, or about twice as high in real terms. Relative to 1974, when oil prices already had quadrupled from the 1973 level, the rise has been nearly 170% and 50% in real terms (see chart on page 2).

Last fall, when oil was still in the \$20-\$24 per barrel range, optimism predominated about the ability of the world economy to adjust to the higher oil prices and about the scope for financing the payments imbalances of the oil importing countries through the markets. Now that oil prices have risen much more than expected, sentiment has shifted.

These higher prices have compelled substantial upward revisions in projections of the OPEC current account surplus for 1980. Late last year, most official forecasts (e.g., those of the OECD and the Bank of England) called for an OPEC sur-

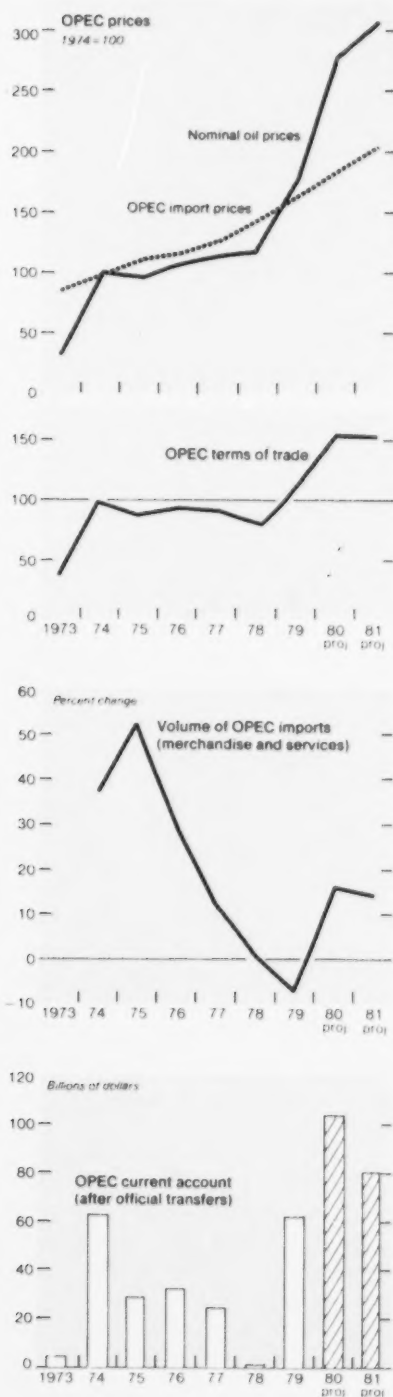
plus after transfers of between \$70-\$75 billion in 1980 and projected a considerable shrinkage during the course of this year. In contrast, most projections now anticipate a 1980 surplus substantially above \$100 billion. Last month, former U.S. Treasury Under Secretary Solomon forecast a surplus of as much as \$120 billion.

As in 1974 the emergence of another major international payments imbalance has sparked a debate about the adjustment process of the world economy to the higher oil prices and the need for special official financing to supplement the recycling of funds from surplus to deficit nations through the markets. This issue no doubt will be an important item on the agendas of the forthcoming IMF Interim Committee meeting in Hamburg next month and the June summit in Venice and, indeed, deserves a great deal more attention at this time than the proposed substitution account.

The economic response of the industrial countries

Adjustment and financing will hinge more than ever on the response of the major industrial countries to the higher oil prices. Much of the adjustment by these coun-

Trends in the OPEC current account



tries to the 1973-74 oil shock occurred by 1975, when their combined current account deficit fell below \$5 billion from more than \$30 billion in the previous year (see Table 1). This rapid adjustment was partly a consequence of the 1974-75 recession, which contributed to a 7% reduction in OECD import volume, including a 12% decline in net oil import volume (see Table 2). The United States experienced a particularly severe recession and total import volume dropped by about 15%, resulting in the record \$18 billion U.S. current account surplus in 1975. In addition, the industrial countries benefited from the large absorptive capacity of OPEC, whose import volume from the industrial countries doubled in this two-year period.

The 1974-75 recession, while it facilitated adjustment by the major industrial nations, exacerbated the problem for the non-OPEC LDCs. The latter's combined current account deficit after official transfers widened to \$31 billion in 1975 from \$5 billion in 1973 — much more than the \$9 billion increase in their net oil imports. It was not until 1976, when growth resumed in the industrial countries and the U.S. current account began to deteriorate, that the deficit of the non-OPEC LDCs began to shrink. The volume of industrial countries' imports from the non-OPEC LDCs surged 20% in 1976 compared with a 7% decline in 1975. There was also a 5% improvement in the terms of trade of these developing countries in 1976, partly reversing the 20% deterioration between 1973 and 1975.

Responding not only to developments in both the industrial and developing countries but also to OPEC's own spending boom, the OPEC current account surplus after transfers was reduced to the \$30-\$35 billion range in 1975-76 from a surplus of \$64 billion in 1974. This

narrowing of global payments imbalances strengthened the confidence of the credit markets in smoothly financing the balance-of-payments adjustment of the oil importing countries. Indeed, largely because of this smooth financing, the non-OPEC LDCs were able to maintain economic growth at close to 6% in 1974-76.

In subsequent years, the terms of trade of OPEC declined even further, while imports of OPEC continued to expand. Despite a pickup in oil consumption in the industrial countries, demand for OPEC oil remained relatively flat, mainly on account of rising oil output from non-OPEC sources, such as the North Sea, Mexico, and Alaska. By 1978, the OPEC current account surplus had virtually disappeared, while the current account deficit of the non-OPEC LDCs was trimmed to \$25 billion.

There are a number of striking similarities between the present situation and the first oil shock. Once again, nearly all of the industrial nations are experiencing an acceleration of inflation, especially the United States where the rate of increase in consumer and producer prices has reached 18% per annum in recent months. Virtually all of these countries are responding, as in 1973-74, by tightening their monetary policies. On March 14, the Federal Reserve tightened U.S. monetary policy substantially further, following sharp increases in U.S. interest rates in the last month and a half. The intent, through a special credit restraint program, is to curtail the growth of credit to a 6%-9% range from December 31, 1979, consistent with the money supply targets. The marginal reserve requirement on managed liabilities of large banks was raised from 8% to 10% and the base upon which the requirement is calculated was reduced, while the cost to large banks of bor-

Table 1

Current account balances after official transfers

in billions of dollars

	1973	1974	1975	1976	1977	1978	1979	Projected	
								1980	1981
OPEC	5.0	64.2	29.7	34.4	24.3	0.6	62.0	103	80
<i>Industrial countries</i>	9.5	-30.9	-4.4	-19.0	-23.0	9.8	-34.6	-61.5	-37
<i>Major^a</i>	9.4	-11.6	16.4	3.6	-0.4	21.3	-17.5	-45	-13
<i>Other</i>	0.1	-19.3	-20.8	-22.6	-22.6	-11.5	-17.1	-16.5	-24
Non-OPEC LDCs	-5.2	-23.6	-31.4	-21.3	-17.1	-25.4	-43.5	-58	-71
<i>Non-oil</i>	-3.6	-19.4	-24.1	-16.3	-13.7	-20.9	-39.9	-55.5	-68
<i>Oil exporters^b</i>	-1.6	-4.2	-7.3	-5.0	-3.4	-4.5	-3.6	-2.5	-3
Comecon and China^c	-1.7	-3.3	-10.2	-6.2	-2.0	-5.0	-5.0	-7	-8
Statistical discrepancy	-7.6	-6.4	16.3	12.1	17.8	20.0	21.1	23.5	36

^a United States, Canada, Japan, France, Germany, Italy, United Kingdom, Belgium, Netherlands, and Switzerland

^b Egypt, Malaysia, Mexico, Peru, Trinidad and Tobago, and Tunisia

^c trade balances only

rowing from the discount window was increased through the imposition of a 3% surcharge. The Federal Reserve also established a special deposit requirement of 15% for all lenders on increases in certain types of consumer credit. In addition, 200 large U.S. corporations henceforth will have to report monthly on their commercial paper issues and their borrowings abroad. The latest Federal Reserve policy stance is very tough and could have a major downward impact on the economy.

Among the other industrial countries, the United Kingdom is also relying on very stringent monetary policy to fight inflation. In addition, several countries such as Japan, Germany, and the United Kingdom are slowing the growth of government expenditures to combat inflation. In this regard, the Carter administration has proposed some modest cutbacks in government expenditures from those originally budgeted for the next fiscal year beginning October 1, 1980.

One principal contrast to the 1974-75 experience is that the slowing of economic activity in the industrial countries is likely to be somewhat less severe this time. One reason is that economic activity among the major industrial countries is currently less synchronized than it was before the last recession. At that time most of the industrial economies simultaneously reached the end of an economic boom. While the United States now appears headed for recession, the German and Japanese economies are still expanding steadily, diminishing the likelihood of a simultaneous downturn. Real GNP in these two countries grew at annual rates of close to 3% and 5½%, respectively, in the fourth quarter of 1979, and is projected to run 2½% and 4¼%, respectively, this year. Thus, depending on the extent and duration of the U.S. downturn, real GNP growth for

Table 2

Real GNP and import volume of industrial countries

percent changes

	1974	1975	1976	1977	1978	1979
All industrial countries						
<i>Real GNP</i>	0.5	-0.4	5.2	3.7	3.7	3.4
<i>Import volume</i>	1.0	-7.9	13.7	4.4	5.1	7.8
<i>Of which:</i>						
<i>Net oil import volume</i>	-2.4	-9.1	11.8	3.6	-4.0	0.0
United States						
<i>Real GNP</i>	-3.3	-11.2	21.9	10.2	9.7	1.1
<i>Import volume</i>	-1.3	1.0	5.5	4.8	4.4	2.3
<i>Of which:</i>						
<i>Net oil import volume</i>	-1.6	-1.4	20.0	19.3	-7.2	0.0

Table 3

The OPEC current account surplus, 1978-81

in billions of dollars

	Est. 1979	Projected	
		1980	1981
Oil revenues	197	285	308
Other exports	11	11	12
Services exports ^a	6	6	7
Total exports (1)	214	302	327
Merchandise imports	-102	-133	-164
Services imports ^a	-51	-68	-87
Total imports (2)	-153	-201	-251
Balance (1 + 2)	61	101	76
Investment income, net ^b	8	12	14
Current account	69	113	90
Official transfers, net	-7	-10	-10
Current account after transfers	62	103	80
Net external assets, end of period ^c	224	327	407

Note: Components may not add to totals because of rounding

^a excludes investment income, but includes private transfers

^b excludes outflows of income on foreign direct investment in the oil sector, which are accounted for in oil revenues; the latter are calculated on the basis of "take" per barrel

^c gross external assets of the public and private sectors minus their gross external liabilities

the major industrial countries as a group is likely to average between 1% and 2% this year and next, in contrast with zero average growth in 1974-75.

Another significant contrast is that non-OPEC LDCs are unlikely to hold up their growth rates as they did in the mid-1970s. A number of these countries have already taken steps that will reduce economic growth in the interests of curbing their inflation and containing their current account deficits. Real GDP growth of the major borrowing countries among the non-OPEC LDC group is likely to average only 3%-3½% this year and next, in contrast to nearly 6% in 1974-75.

Near-term outlook for payments imbalances

The slowing of economic growth in industrial countries and the near doubling of oil prices in real terms during the past fifteen months, as well as the mild winter, should lead to a decline in non-Communist world oil consumption outside OPEC of some 700,000 bpd, or about 1.5% in 1980 relative to 1979. Continued sluggish economic growth next year could keep oil consumption from rising. This, together with the very high oil stocks and the growth in non-OPEC oil production (mainly Mexico and the North Sea) of about 1 million bpd in 1980 and some 700,000 bpd in 1981, may reduce world demand for OPEC oil. It could permit some OPEC members to cut their production gradually without upsetting oil markets. OPEC oil export volume could well fall by about 2 million bpd this year and could remain flat in 1981. Therefore, barring unexpected oil supply interruptions, oil prices could rise rather slowly during the next eighteen months or so and, in view of the high rates of world inflation, could

even decline by a few percentage points in real terms.

The containment of the growth of OPEC oil revenues that this outlook implies is likely to be accompanied by a recovery in the growth of OPEC imports of goods and services from the sharp slowing of 1978-79. The virtual disappearance of the OPEC surplus in 1978 and the cutback in Iranian expenditures that accompanied the revolution kept the volume of OPEC imports of goods and services relatively flat in 1978 and led to a decline of some 7% last year (see chart). These expenditures are beginning to pick up as a result of the large rise in oil revenues that OPEC members are now experiencing. Merchandise exports of twelve major industrial countries to OPEC were up by almost 10% in nominal terms in the fourth quarter of 1979 from the year before, compared with an average decline of 6% in the preceding three quarters.

Allowing for further increases in merchandise imports and for the fact that OPEC services imports (which in some cases include military purchases) tend to rise more rapidly than those of merchandise, total OPEC imports of goods and services may expand by an average annual rate of more than 25% during 1980-81, implying about 15% per annum in volume terms. Although this growth is slower than in 1974-75, it should hold this year's OPEC surplus after transfers to around \$100 billion and should lead to a decline to about \$80 billion next year (see Table 3).

At the same time, the combined current account deficit of the major industrial countries will shrink substantially from the \$45 billion deficit projected for 1980. The projected U.S. economic downturn could easily turn the U.S. current account position from the \$5 billion deficit projected for this year into a sizable surplus in 1981. A substantial nar-

Table 4

Banks' claims on selected groups of borrowing countries^a
end-September 1979

	<i>In billions of dollars</i>	<i>% of total</i>
Non-oil LDCs	103.4	30.2
12 major borrowers ^b	80.1	23.4
Other	23.3	6.8
Smaller non-oil industrial countries	107.6	31.5
11 major borrowers ^c	75.5	22.1
Other	32.1	9.4
Oil exporters outside the Middle East and North Africa	76.2	22.2
9 major borrowers ^d	66.8	19.5
Other	9.4	2.7
Eastern Europe	54.7	16.0
Total	342.0	100.0

a based on claims reported by banks to the BIS

b Argentina, Bolivia, Brazil, Chile, Colombia, India, Ivory Coast, Korea, Philippines, Taiwan, Thailand, and Turkey

c Australia, Denmark, Finland, Greece, Ireland, New Zealand, Portugal, South Africa, Spain, Sweden, and Yugoslavia

d Ecuador, Indonesia, Malaysia, Mexico, Nigeria, Norway, Peru, Trinidad and Tobago, and Venezuela

rowing of Japan's deficit also seems almost inevitable by 1981 as a consequence of the yen's real effective depreciation of nearly 40% since October 1978, which already is contributing to a pickup of export volume and a slowing of import volume. In Germany, also, domestic economic policies will be increasingly directed at reducing inflation and the current account deficit, which is now projected to exceed \$10 billion this year. As a result, the combined current account deficit of the major industrial countries could be reduced to about \$13 billion in 1981, or more than \$30 billion less than the projected 1980 deficit.

The impact on the major borrowing countries

Against this background of a large decline in the current account deficit of the major industrial countries that exceeds the expected reduction in OPEC's surplus next year, the aggregate deficit of the non-OPEC LDCs is likely to rise further from an estimated \$43 billion in 1979 and \$58 billion in 1980 to more than \$70 billion in 1981 (see Table 1).

The potential financing problems raised by higher oil prices and the resultant payments imbalances can not be fully gauged by looking only at the aggregate position of non-OPEC LDCs. Within this group, several non-OPEC net oil exporters may well reduce their aggregate deficit slightly from \$3½ billion in 1979 to \$3 billion next year. By contrast, it is the non-oil developing countries that have suffered all of the current account deterioration since 1978 and are likely to do so again in 1980-81 (see Table 1). Indeed, a mere dozen non-oil LDCs, which include the major borrowers from the international banks, are expected to account for half of the projected current account deficit of the

non-oil LDC group this year and next.

As Table 1 shows, external payments problems, particularly in 1981, will not be confined to the non-oil LDCs. The smaller non-oil industrial countries, outside the Group of Ten, are projected to experience a sizable deterioration in their aggregate current account deficit next year.

From the standpoint of the receding issue and the role of the banks, attention should be focused on these two groups of borrowers rather than simply the traditional non-OPEC LDC group.

Table 4 shows banks' claims on these two categories, together with their claims on a group of oil exporting countries outside North Africa and the Middle East. At the end of September 1979, claims on the major borrowers within these three groups accounted for two thirds of the banks' total foreign claims on all countries other than major industrial countries and offshore money centers. During 1974-79 the external indebtedness of these major borrowers roughly tripled. About two thirds of the increase was in borrowing from commercial banks. By the end of last year, commercial banks held more than half the total external debt of these thirty-two countries, and in some instances close to three quarters.

The substantial increases in the projected financing requirements of these groups of countries are shown in Table 5. They are based on a set of assumptions about major industrial-country real economic growth and inflation, interest rates, and oil prices (specified at the top of the table), as well as real GDP growth in each of the three groups of borrowers. The results are summarized in the form of three indicators: (1) the ratio of current account balance to GDP, (2) the ratio of gross commercial borrowing requirements

Table 5

Implications of a global scenario for the growth of bank debt in selected groups of countries^a

average annual percent change unless otherwise noted

	1974-75	1976-78	1979	Projected		
				1980	1981	1982-85
Major external influences						
Real GNP growth of major industrial countries	0.0	4.5	3.4	1.5	1.5	3.0
Global inflation	10.2	9.0	13.5	13.5	10.0	8.5
6-month Libor	9.5	7.4	12.1	17.5	13.0	9.5
Real oil price increase	55.5	-3.0	35.0	38.0	0.0	3.0
12 non-oil LDCs^a						
Real GDP growth	5.8	5.8	4.4	2.9	3.5	5.3
Current account as % of GDP	-3.9	-1.7	-2.9	-4.1	-4.8	-5.5
GCBR as % of exports	23.6	28.2	30.2	27.7	38.9	49.2
Rate of growth of debt to banks ^b	n.a.	26.0	26.8	18.9	25.0	23.5
11 smaller non-oil industrial countries^a						
Real GDP growth	2.8	2.6	3.7	2.5	2.8	3.1
Current account as % of GDP	-3.5	-2.1	-1.5	-1.5	-2.4	-3.4
GCBR as % of exports	15.0	17.7	10.8	11.8	21.9	23.4
Rate of growth of debt to banks ^b	n.a.	24.0	12.0	19.0	28.8	24.5
9 oil exporting borrowers^a						
Real GDP growth	6.0	5.8	6.5	6.5	6.2	6.2
Current account as % of GDP	0.0	-4.5	0.2	3.1	0.5	-1.3
GCBR as % of exports	12.2	21.2	16.7	5.7	14.0	14.0
Rate of growth of debt to banks ^b	n.a.	25.0	21.7	8.4	16.5	16.6
Total of three groups						
Real GDP growth	4.7	4.6	3.2	3.4	3.8	4.5
Current account as % of GDP	-2.9	-2.4	-1.7	-1.4	-2.6	-3.4
GCBR as % of exports	16.2	21.0	17.6	14.0	23.2	27.0
Rate of growth of debt to banks ^b	n.a.	25.0	20.0	16.0	24.0	22.0

Note: The ratio of current account to GDP measures the relative size of current account imbalance and the degree of dependence on external savings. The ratio of GCBR to export measures dependence on financing raised in commercial markets relative to foreign exchange earnings from exports of goods and services.

^a country coverage is the same as in Table 4

^b based on claims reported by banks to the BIS; 1976-78 data adjusted for change of coverage in 1977

(GCBR) to exports of goods and services (The GCBR is the financing required to sustain a current account deficit and to amortize long-term external debt, also allowing for private direct investment, loans and grants from official sources, and changes in international reserves.), and (3) the rate of growth of debt to

banks that is implied by the projected current accounts and GCBRs.

As the table shows, the twelve non-oil LDCs will experience a substantial rise in the ratio of their current account deficit to GDP this year and next, despite considerable adjustment efforts as indicated by reductions in their real GDP growth. In 1982-85 this ratio averages still higher. Their GCBR/exports ratio is reduced this year despite a larger current account deficit because it is assumed that they will draw down some of their international reserves. However, next year and during 1982-85 this ratio increases sharply, reflecting sizable current account deficits, a strong rise in debt service requirements, and the maintenance of a prudent level of international reserves. These projections for 1980 suggest some moderation in growth of bank credit to these countries from that recorded in the previous four years but a sharp pickup in 1981 followed by a still high, 24% annual growth during 1982-85.

A similar pattern of deteriorating current accounts, higher borrowing requirements, and rapid growth in use of bank credit is projected for the smaller non-oil industrial countries.

By contrast, the group of nine oil exporting countries will show an aggregate current account surplus in 1980-81. While these countries are, nonetheless, projected to experience increased borrowing requirements in 1982-85, the corresponding growth in their use of bank credit is less pronounced than for the other two groups.

Before going on to examine whether the projected increases in required bank financing are likely to be satisfied, it is worth noting that these projections are quite sensitive to the assumptions underlying this scenario. Table 6 shows projected net oil imports and inter-